



are we keeping pace?

# FUNDING/CIP

## **What is the CIP?**

The Capital Improvements Program (CIP) is the County's six-year plan of spending for schools, roads, parks, libraries, police and fire stations, recreation centers, Montgomery College buildings, water and sewer lines and plants, and other County-funded improvements. The CIP is created biennially in even-numbered years; in an "off-year" (like 2015), it can be amended by six affirmative votes of the County Council. The last full CIP, approved in May 2014, included about 350 projects totaling \$5.7 billion in fiscal years 2015-2020.

## **How does a project get into the CIP?**

Most candidate projects are proposed by the County Executive, Board of Education for Montgomery County Public Schools, Montgomery College, County Planning Board, Revenue Authority and Housing Opportunities Commission. However, it is common for civic and business organizations, and even County Councilmembers and Council staff to propose projects as well. All go before the Council at one or more public hearings, are reviewed the by the Council committee that has jurisdiction and, ultimately, the full Council makes its decisions.

Any project but the smallest goes through a facility planning process to develop the design, impact and cost estimate before it is considered for construction funding in the CIP. This process can take one or two years for schools, and several years for transportation projects. Outreach to community stakeholders to gain their feedback is a significant aspect of facility planning.

## **What sources of revenue are used to fund projects in the CIP?**

There are currently 48 sources of revenue. Proceeds from General Obligation (GO) bonds—bonds that are backed by the full faith and credit of the County—comprise the largest share, more than 39 percent of the total. The County Charter requires the Council to set spending affordability guidelines for GO bonds. These guidelines limit the amount of GO bond proceeds that can be programmed.

Bonds issued by the Washington Suburban Sanitary Commission (WSSC) comprise about 18 percent of the total; these funds are used exclusively for WSSC projects serving the County. State aid contributes about 9 percent, current revenue (i.e., cash) about 6 percent, Federal aid about 3 percent, development impact taxes (schools and transportation) about 4 percent and school recordation taxes about 4 percent. The other 40-odd sources comprise the remaining 17 percent. The rates for the school and transportation impact taxes and the school facility payment are listed on the back of this page.

## **What is the role of State funding for schools and transportation projects?**

In the past several years, the State has provided \$30-40 million annually for school construction projects in the County. The CIP currently assumes \$239.5 million over the FY15-20 period, about 16 percent of the funds supporting its capital program. (The County is currently advocating an additional \$213 million of State aid for schools, but it faces an uphill climb; a similar request last year was unsuccessful.) The other 84 percent comes from County sources: 52 percent from GO bonds, 13 percent from part of the recordation tax, 11 percent from impact taxes and 8 percent from current revenue.

The State provides funding for Maryland Department of Transportation (DOT) projects in Montgomery County, as well as the County's share of WMATA's capital projects. There is only major project currently under construction: an interchange at Georgia Avenue and Randolph Road. The backlog of State projects being planned and designed—but for which no construction funds have been found—would cost more than \$5 billion. The State does not contribute funding for a County DOT project, unless a part of a County project improves a State facility.

Source: Montgomery County Council Staff

**NEW AND REVISED IMPACT TAXES AND SCHOOL FACILITIES PAYMENT FEES**  
**EFFECTIVE OCTOBER 1, 2014**

Additional information on the Impact Tax laws can be found at the following web site:  
<http://www.montgomerycountymd.gov/cs/templ.asp?url=/content/council/packet/index.asp>  
 Questions concerning impact-tax collections may be directed to MC311 at 240-777-0311.

Applicants for building permits for residential development fees paid on and after October 1, 2014, will be assessed the tax rates below:

<b>Dwelling Type</b>	<b>School Impact Tax Per Dwelling Unit</b>
Single-family detached	\$25,944
Single-family attached	\$19,533
Single Family house surcharge	\$2 per square foot of gross floor area that exceeds 3,500 square feet, to a maximum of 8,500 square feet)
Multifamily (except high-rise)	\$12,345
High-rise	\$5,234
Multifamily senior	\$0

In the event the school cluster has exceeded the 105% school program capacity, applicants will be required to pay a per unit School Facilities payment.

<b>School Type</b>	<b>Cost per student</b>	<b>student generation rate/school level /unit type</b>			
		<b>Single Family Detached [SFD]</b>	<b>Single Family Attached [SFA]</b>	<b>Multi-Family 4 or fewer floors</b>	<b>Multi-Family 5 or more floors</b>
Elementary School Student Generation Rate x Cost of Seat	<b>\$19,439</b>	0.357	0.214	0.146	0.060
Middle School Student Generation Rate x Cost of Seat	<b>\$21,250</b>	0.153	0.082	0.055	0.025
High School Student Generation Rate x Cost of Seat	<b>\$24,375</b>	0.190	0.113	0.077	0.033
ES facilities payment		<b>\$6,940</b>	<b>\$4,160</b>	<b>\$2,838</b>	<b>\$1,166</b>
MS facilities payment		<b>\$3,251</b>	<b>\$1,743</b>	<b>\$1,169</b>	<b>\$531</b>
HS facilities payment		<b>\$4,631</b>	<b>\$2,754</b>	<b>\$1,877</b>	<b>\$804</b>
facilities payment if 3 school levels are over 105% capacity		<b>\$14,822</b>	<b>\$8,657</b>	<b>\$5,884</b>	<b>\$2,501</b>

In addition to the School Impact Tax, applicants for building permits in a residential development must also pay the applicable Transportation Impact Tax.

<b>Building Type</b>	<b>Metro Station</b>	<b>Clarksburg</b>	<b>General</b>
Single-Family detached residential (per dwelling unit)	\$6,754	\$20,258	\$13,506
Single-Family attached residential (per dwelling unit)	\$5,526	\$16,576	\$11,050
Multifamily residential (Garden apartments) (per dwelling unit)	\$4,297	\$12,891	\$8,594
High-rise residential (per dwelling unit)	\$3,069	\$9,209	\$6,138
Multifamily-senior residential (per dwelling unit)	\$1,228	\$3,683	\$2,455
Office (per sq. ft. GFA)	\$6.15	\$14.80	\$12.30
Industrial (per sq. ft. GFA)	\$3.10	\$7.35	\$6.15
Bioscience facility (per sq. ft. GFA)	\$0	\$0	\$0
Retail (per sq. ft. GFA)	\$5.50	\$13.25	\$11.00
Place of worship (per sq. ft. GFA)	\$0.35	\$0.90	\$0.65
Private elementary and secondary school (per sq. ft. GFA)	\$0.45	\$1.30	\$1.00
Hospital (per sq. ft. GFA)	\$0	\$0	\$0
Social Service Agency (per sq. ft. GFA)	\$0	\$0	\$0
Other nonresidential (per sq. ft. GFA)	\$3.10	\$7.35	\$6.15